



HOLDINGS (S) LTD

Registration No.: 199304349M

Financial Statement for the Second Quarter and Half Year Ended 30 June 2010

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement with a consolidated statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediate preceding financial year.

	Second quarter ended 30 June			Half Year ended 30 June		
	2010 S\$'000	2009 S\$'000	Change %	2010 S\$'000	2009 S\$'000	Change %
<u>INCOME STATEMENT</u>						
Revenue	36,484	53,811	(32.2)	68,740	115,043	(40.2)
Cost of sales	(29,713)	(50,355)	(41.0)	(55,574)	(107,637)	(48.4)
Gross profit	6,771	3,456	95.9	13,166	7,406	77.8
Other income ⁽¹⁾	816	772	5.7	1,215	1,313	(7.5)
Administrative costs	(877)	(962)	(8.8)	(1,954)	(1,859)	5.1
Other operating costs	(2,853)	(1,823)	56.5	(6,308)	(3,589)	75.8
Finance costs ⁽¹⁾⁽²⁾	(536)	(614)	(12.7)	(975)	(1,179)	(17.3)
Share of results of associates	-	1,846	(100.0)	3,111	3,603	(13.7)
Profit before tax	3,321	2,675	24.1	8,255	5,695	45.0
Income tax expenses	(555)	(363)	52.9	(920)	(594)	54.9
Profit for the period	2,766	2,312	19.6	7,335	5,101	43.8
Attributable to:						
Owners of the parent	2,688	2,297	17.0	7,177	5,071	41.5
Minority interests	78	15	420.0	158	30	426.7
	2,766	2,312	19.6	7,335	5,101	43.8
N.M. - Not meaningful						

Notes

⁽¹⁾ Interest received from interest rate swap and included in Other income as reported in 1Q2010 results has now been reclassified from Other Income to Finance costs to arrive at the net interest rate swap payments for the quarter. The change does not have any impact on the Group's profit before tax for all financial periods under review.

⁽²⁾ Interest expense in 2Q2009 has been overstated by \$507,000 in the 2Q2009 results announcement. The interest overstated was rectified in the subsequent financial period as reported in 3Q2009 results announcement. The comparative figures for 2Q2009 in this announcement have been restated based on the actual interest expense incurred.

	Second Quarter Ended 30 June			Half Year ended 30 June		
	2010 S\$'000	2009 S\$'000	Change %	2010 S\$'000	2009 S\$'000	Change %
STATEMENT OF COMPREHENSIVE INCOME						
Profit for the period	2,766	2,312	19.6	7,335	5,101	43.8
Other comprehensive income:						
Foreign currency translation differences	(282)	(34)	N.M	(128)	(66)	93.9
Other comprehensive income for the period, net of tax	(282)	(34)	N.M	(128)	(66)	93.9
Total comprehensive income for the period	2,484	2,278	9.0	7,207	5,035	43.1
Total comprehensive income attributable to:						
Owners of the parent	2,409	2,255	6.8	7,019	5,000	40.4
Minority interests	75	23	226.1	188	35	437.1
	<u>2,484</u>	<u>2,278</u>	9.0	<u>7,207</u>	<u>5,035</u>	43.1

NOTES TO INCOME STATEMENT

The following items have been included in arriving at profit before tax:

Depreciation of property, plant and equipment	637	578	10.2	1,146	1,173	(2.3)
Foreign exchange currency adjustment (gain) loss	(260)	6	N.M	(80)	(79)	1.3
Loss (gain) on disposal of property, plant and equipment	79	(103)	N.M	2	(103)	(90.0)
Interest expense ⁽¹⁾⁽²⁾	522	545	(4.2)	956	1,101	(13.2)
Interest income ⁽¹⁾	(13)	(169)	(92.3)	(19)	(190)	(90.0)
Allowance for doubtful receivables (net)	29	9	222.2	87	39	123.1
Write-off of property, plant and equipment	303	2	N.M	303	2	N.M
Fair value loss adjustment on derivatives	548	-	N.M	1,045	-	N.M
Write-back of impairment loss in value of land relating to a development property	(459)	-	N.M	(459)	-	N.M

N.M - Not meaningful

1(b)(i) A statement of financial position (for the issuer and Group) together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30-Jun-10 S\$'000	31-Dec-09 S\$'000	30-Jun-10 S\$'000	31-Dec-09 S\$'000
Non-current assets				
Property, plant & equipment	15,631	14,569	92	124
Intangible assets	119	119	-	-
Investment securities	-	94	-	-
Investment in subsidiaries	-	-	29,616	26,216
Investment in associates	18,178	14,941	92	92
Deferred tax assets	501	761	-	-
Current assets				
Investment held for sale	13	13	13	13
Amounts due from subsidiaries	-	-	19,276	21,956
Development properties	65,181	65,996	-	-
Gross amount due from customers for work-in-progress	6,826	7,335	-	-
Inventories	2,466	3,975	-	-
Trade receivables	51,197	40,062	76	-
Other receivables	10,431	10,402	108	104
Pledged deposits	2,428	2,401	-	-
Cash and fixed deposits	45,580	49,543	1,667	1,858
	184,122	179,727	21,140	23,931
Current liabilities				
Amounts due to subsidiaries	-	-	10,439	10,037
Gross amount due to customers for work-in-progress	30,035	24,287	-	-
Trade and other payables	56,113	57,696	57	178
Other liabilities	3,447	2,724	544	272
Derivatives	2,437	1,392	-	-
Loans and borrowings	1,454	3,908	20	20
Income tax payable	1,896	1,712	10	10
	95,382	91,719	11,070	10,517
Net current assets	88,740	88,008	10,070	13,414
Non-current liabilities				
Deferred tax liabilities	(1,626)	(1,624)	-	-
Loans and borrowings	(53,786)	(54,346)	(27)	(37)
Net assets	67,757	62,522	39,843	39,809
Equity attributable to equity holders of the Company				
Share capital	43,966	43,966	43,966	43,966
Treasury shares	(125)	-	(125)	-
Retained earnings (Accumulated losses)	23,189	17,859	(3,998)	(4,157)
Foreign currency translation reserve	(246)	(88)	-	-
	66,784	61,737	39,843	39,809
Minority interests	973	785	-	-
Total equity	67,757	62,522	39,843	39,809

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/06/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
S\$1,454,000	-	S\$3,781,000	S\$127,000

Amount repayable after one year

As at 30/06/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
S\$53,786,000	-	S\$54,346,000	-

Details of any collateral

The secured borrowings repayable within one year and after one year comprise mainly a land loan, obligations under finance leases, bills payables and banker's acceptances. These are secured by charges over the property held for sale at Lush at Holland Hill, Singapore, shop offices in Malaysia and fixed deposits from subsidiaries.

1(c) A consolidated statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Second quarter ended 30 June		Half Year ended 30 June	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Cash flows from operating activities				
Profit before tax	3,321	2,675	8,255	5,695
Adjustments for:				
Depreciation of property, plant and equipment	637	578	1,146	1,173
Allowance for doubtful receivables (net)	29	9	87	39
Fair value loss on derivative	548	-	1,045	-
Interest income ⁽¹⁾	(13)	(169)	(19)	(190)
Interest expense ⁽¹⁾⁽²⁾	522	545	956	1,101
Loss (Gain) on disposal of plant and equipment	79	(103)	2	(103)
Share of results of associates	-	(1,846)	(3,111)	(3,603)
Write-back of loss in value of land relating to a development property	(459)	-	(459)	-
Write-off of property, plant and equipment	303	2	303	2
Operating profit before working capital changes	4,967	1,691	8,205	4,114
Decrease/(increase) in development properties ⁽²⁾	1,512	(23)	2,083	41
Decrease in contract work-in-progress	367	213	6,257	1,124
(Increase)/decrease in trade receivables	(10,801)	7,059	(11,222)	7,212
Increase in other receivables	(47)	(2,389)	(29)	(136)
Decrease in inventories	691	798	1,509	2,371
Increase/(decrease) in trade and other payables	10,312	3,245	(1,583)	11,861
(Decrease)/increase in other liabilities	(19)	(1,228)	723	(3,839)
Cash from operations	6,982	9,366	5,943	22,748
Interest paid ⁽¹⁾⁽²⁾	(899)	(545)	(1,765)	(1,101)
Interest received ⁽¹⁾	13	169	19	190
Income tax paid	(380)	(493)	(476)	(505)
Net cash from operating activities	5,716	8,497	3,721	21,332
Cash flows from investing activities:				
Proceeds from disposal of property, plant and equipment	123	776	941	776
Purchase of property, plant and equipment	(599)	(300)	(1,403)	(434)
Net cash (used in)/from investing activities	(476)	476	(462)	342
Cash flows from financing activities				
Dividends paid	(1,847)	-	(1,847)	-
Shares purchased held as treasury shares	-	-	(125)	-
Acquisition of shares in associate company	(31)	-	(31)	-
Repayment of bank borrowings, net	(515)	(989)	(489)	(483)
Repayment of long term borrowings	-	(4,690)	(4,000)	(5,380)
Repayment of finance leases	(194)	(465)	(506)	(1,052)
Decrease in pledged deposits	24	151	-	488
Net cash used in financing activities	(2,563)	(5,993)	(6,998)	(6,427)
Net effect of exchange rate changes in consolidating subsidiaries	(314)	32	(224)	(69)
Net increase/(decrease) in cash & cash equivalents	2,363	3,012	(3,963)	15,178
Cash and cash equivalents at beginning of the period	43,217	38,930	49,543	26,764
Cash and cash equivalents at end of the period	45,580	41,942	45,580	41,942

1(c) Consolidated statement of cash flows (continued)

	Second quarter ended 30 June		Half Year ended 30 June	
	2010 S\$'000	2009 S\$'000	2010 S\$'000	2009 S\$'000
Comprising:				
Cash and bank balances	26,382	27,412	26,382	27,412
Fixed deposits	21,626	15,213	21,626	15,213
	48,008	42,625	48,008	42,625
Less: Pledged fixed deposits	(2,428)	(683)	(2,428)	(683)
	45,580	41,942	45,580	41,942

Notes

⁽¹⁾ Interest received from interest rate swap and included in Other income as reported in 1Q2010 results has now been reclassified from Other income to Finance costs to arrive at the net interest rate swap payments for the quarter. The change does not have any impact on the Group's profit before tax for all financial periods under review.

⁽²⁾ Interest expense in 2Q2009 has been overstated by \$507,000 in the 2Q2009 results announcement. The interest overstated was rectified in the subsequent financial period as reported in 3Q2009 results announcement. The comparative figures for 2Q2009 in this announcement have been restated based on the actual interest expense incurred.

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group

	Attributable to equity holders of the Parent					TOTAL EQUITY S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Foreign currency translation reserve S\$'000	Minority interests S\$'000	
Opening balance at 1 Jan 2010	43,966	-	17,859	(88)	785	62,522
Shares purchased held as treasury shares	-	(125)	-	-	-	(125)
Total comprehensive income for the period			4,490	120	113	4,723
Balance at 31 Mar and 1 Apr 2010	43,966	(125)	22,349	32	898	67,120
Dividends paid	-	-	(1,847)	-	-	(1,847)
Total comprehensive income for the period	-	-	2,687	(278)	75	2,484
Closing balance at 30 Jun 2010	43,966	(125)	23,189	(246)	973	67,757
Opening balance at 1 Jan 2009	43,966	-	4,507	(343)	590	48,720
Total comprehensive income for the period	-	-	2,774	(29)	12	2,757
Balance at 31 Mar and 1 Apr 2009	43,966	-	7,281	(372)	602	51,477
Total comprehensive income for the period as previously reported	-	-	1,790	(42)	23	1,771
Adjustment in interest overstated	-	-	507	-	-	507
As restated	-	-	2,297	(42)	23	2,278
Closing balance at 30 Jun 2009	43,966	-	9,578	(372)	602	53,755

Note A

Please refer to Note (2) on page 1 of this announcement for details of the adjustment.

Company

	Attributable to equity holders of the Company			
	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Opening balance at 1 Jan 2010	43,966	-	(4,157)	39,809
Shares purchased held as treasury shares	-	(125)	-	(125)
Total comprehensive income for the period	-	-	(64)	(64)
Balance at 31 Mar and 1 Apr 2010	43,966	(125)	(4,221)	39,620
Dividends paid	-	-	(1,847)	(1,847)
Total comprehensive income for the period	-	-	2,070	2,070
Closing balance at 30 Jun 2010	43,966	(125)	(3,998)	39,843
Opening balance at 1 Jan 2009	43,966	-	(12,076)	31,890
Total comprehensive income for the period	-	-	(248)	(248)
Balance at 31 Mar and 1 Apr 2009	43,966	-	(12,324)	31,642
Total comprehensive income for the period	-	-	(324)	(324)
Closing balance at 30 Jun 2009	43,966	-	(12,648)	31,318

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There have been no changes to the issued share capital of the Company of S\$43,967,199 since the end of the previous financial period ended 31 December 2009. However, the number of ordinary shares of the Company was reduced from 1,541,052,278 shares as at 31 December 2009 to 307,710,418 shares as at 30 June 2010 as a result of the following:

1. The completion of the share consolidation on 26 February 2010 whereby every five ordinary shares in the capital of the Company was consolidated into one ordinary share with fractions of consolidated shares being disregarded, thus resulting in 308,210,418 ordinary shares after consolidation, and
2. 500,000 shares purchased by the Company on 25 and 26 March 2010 and held as treasury shares. The cost of the treasury shares amounted to \$125,000.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at 30 June 2010 was 307,710,418 (as at 31 December 2009: 1,541,052,278 – pre-consolidation). The total number of treasury shares held as at 30 June 2010 was 500,000 (as at 31 December 2009: Nil).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the six months ended 30 June 2010.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors report (including any qualifications or emphasis of matters).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those adopted in the most recently audited financial statements for the financial year ended 31 December 2009.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There are no changes in accounting policies and methods of computation.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	<u>Second Quarter Ended 30</u>			<u>Half Year Ended 30 June</u>		
	<u>June</u>					
	<u>2010</u>	<u>2009</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2009</u>
	<u>Post-consolidation</u>	<u>Pre-consolidation</u>		<u>Post-consolidation</u>	<u>Pre-consolidation</u>	
	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
Earnings per ordinary share of the Group attributable to shareholders:						
(a) Based on the weighted average number of ordinary shares in issue	0.87	0.75	0.15	2.33	1.65	0.33
(b) On a fully diluted basis (detailing any adjustment made to earnings)	0.87	0.75	0.15	2.33	1.65	0.33

The computation of earnings per ordinary share on the weighted average number of shares and fully diluted basis is based on 307,941,661 post-consolidation shares (2009: 1,541,052,278 pre-consolidation shares and 308,210,418 post-consolidation shares had the share consolidation taken place on 30 June 2009).

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:
- (a) current financial period reported on; and
- (b) immediately preceding financial year

	<u>Group</u>			<u>Company</u>		
	<u>30.6.10</u>	<u>31.12.09</u>		<u>30.6.10</u>	<u>31.12.09</u>	
		<u>Post-consolidation</u>	<u>Pre-consolidation</u>		<u>Post-consolidation</u>	<u>Pre-consolidation</u>
	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>	<u>Cents</u>
Net asset value per ordinary share based on issued capital at the end of the period	22.02	20.29	4.06	12.95	12.92	2.58

The computation of net asset value per ordinary share is based on 307,710,418 ordinary shares (2009: 1,541,052,278 pre-consolidation shares and 308,210,418 post-consolidation shares had the share consolidation taken place on 31 December 2009).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the followings:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Income Statement Review – Second Quarter 2010 ('2Q10') vs Second Quarter 2009 ('2Q09')

Despite a decrease in 2Q10 Group revenue to \$36.5 million from \$53.8 million in 2Q09, gross profit almost doubled to \$6.8 million in 2Q10 as compared with \$3.5 million in the previous corresponding quarter.

The 32.2% decline in revenue was due to lower revenue recognised from general construction projects during the quarter. As in 1Q10, although the Group was actively involved in the execution of general construction projects in 2Q10, revenue had not been recognised for certain projects for work done because these projects have not achieved the minimum percentage of completion required for revenue recognition in accordance with the Group's accounting policy. Gross profit rose in 2Q10 due to increased contributions from both specialised engineering and general construction projects. The Group is seeing the efforts of its stringent project cost monitoring system bearing fruit. In addition, overall gross margin improved from 6.4% in 2Q09 to 18.6% in 2Q10, partly due to additional revenue

recognised from finalisation of billings for various projects completed in 2009, for which costs were already taken up last year.

Other operating costs increased by \$1.0 million to \$2.8 million in 2Q10 from \$1.8 million in the previous corresponding quarter, due mainly to fair value loss of \$0.5 million for interest rate swap derivatives purchased in 2009 to hedge against the risk of interest rate hikes for the term-loan on land for Lush on Holland Hill. Staff salaries and benefits, office and yard rental expenses for the current quarter also increased as compared with 2Q09.

2Q10 finance costs decreased by 12.7% to \$0.5 million from \$0.6 million in 2Q09, mainly because interest for term loan was not expensed to the income statement but have been capitalised to development property since the last quarter of 2009 when construction activities commenced. In 2Q09, interest on term loan was charged to the income statement in line with rental income received from temporary lease of Nos. 19 & 21 Holland Hill prior to commencement of construction. The decrease in interest was partially offset by interest rate swap payments during the quarter.

In 2Q10, the Group did not recognise profits from share of results in associates in respect of the property development project at 8 Nassim Hill, pending completion and finalisation of the project.

Income tax expense in 2Q10 rose by \$0.2 million to \$0.6 million from \$0.4 million in 2Q09 as a result of higher profits recorded during the current quarter.

Share of minority interests' profits increased to \$78,000 in 2Q10 from \$15,000 in 2Q09, as profitability in our 80%-owned subsidiary in Malaysia improved significantly during the current quarter.

Income Statement Review – 6 months 2010 ('6M10') vs 6 months 2009 ('6M09')

Group revenue decreased by \$46.3 million or 40.2% to \$68.7 million in 6M10 from \$115.0 million in 6M09, in contrast with a surge in gross profit to \$13.2 million for the current six months period as compared with \$7.4 million in the previous corresponding period.

In 6M09, the Group achieved revenue of \$115.0 million largely due to several general construction projects being in the active stage of construction. Although the Group was also actively involved in general construction works in 6M10, revenue had not been recognised for some major projects as these projects have not achieved the minimum percentage of completion required for revenue recognition in accordance with the Group's accounting policy.

Despite lower Group revenue, gross profit increased significantly in 6M10 by \$5.8 million or 77.8% to \$13.2 million from \$7.4 million in 6M09, attributable to higher contributions from both its specialised engineering and general construction projects, and additional revenue recognised from finalisation of billings for various projects completed, for which costs were already taken up in 2009.

Other operating costs rose to \$6.3 million in 6M10 as compared with \$3.6 million in the previous corresponding period, due mainly to increases in staff salaries and benefits, and fair value loss of \$1.0 million for interest rate swap derivatives purchased in 2009 to hedge against the risk of interest rate hikes for the term-loan on land for Lush on Holland Hill.

Finance charges for 6M10 decreased by 17.3% to \$1.0 million from \$1.2 million for 6M09. In the first half of 2009, interest from term loan was charged to the income statement in line with rental income received from temporary lease of Nos. 19 & 21 Holland Hill. Since construction commenced in December 2009, interest expense have been capitalised to development properties. The significantly lower interest expense was partially offset by interest rate swap payments of \$0.9 million in the current period.

The Group's share of results from associates decreased by \$0.5 million to \$3.1 million in 6M10 from \$3.6 million in 6M09 because no profit contribution from the development at 8 Nassim Hill was recognised in the current quarter, pending completion and finalisation of the project.

The Group recorded higher income tax expense of \$0.9 million for 6M10 in line with improved profits during the current period.

Share of minority interests' profits rose to \$158,000 for 6M10 from \$30,000 for 6M09 as profitability in our 80%-owned subsidiary in Malaysia increased over the two corresponding periods.

Statement of Financial Position Review

The net book value of the Group's property, plant and machinery increased by 7.3% or \$1.1 million from 31 December 2009 to 30 June 2010 attributable to acquisitions of machinery and motor vehicles, offset by disposal of aged fixed assets, write-off of obsolete assets and depreciation charges for the current period.

Other investments, originally comprising investment in Fosta Pte Ltd ("FOSTA"), was reclassified to Investments in associates following an acquisition of shares in FOSTA in the second quarter of 2010, resulting in FOSTA becoming an associate company. Investment in associates increased by \$3.2 million over the past six months to \$18.2 million as at 30 June 2010, mainly attributable to profit contribution by our associate from its development at 8 Nassim Hill.

Deferred tax assets decreased to \$0.5 million as at 30 June 2010 from \$0.8 million as at 31 December 2009 after a subsidiary utilised its deferred tax assets to offset income tax expense in line with profits recorded for the current period.

Trade receivables grew by \$11.1 million or 27.8% to \$51.2 million as at 30 June from \$40.1 million six months ago despite lower revenue recorded for the six months period. This is mainly due to increased billings for substantial construction activities being carried out during the six months ended 30 June 2010, even though revenue had not been recognised for certain projects in accordance with the Group's accounting policy.

Cash and cash equivalents as at 30 June 2010 decreased by \$3.9 million to \$45.6 million from \$49.5 million as at 31 December 2009, due mainly to a lump sum payment of \$4 million in respect of early settlement of term loan, dividends paid to shareholders, repayment of bank borrowings and finance leases.

Net amount due to customers for work-in-progress stood at \$23.2 million as at 30 June 2010, representing an increase of 36.9% compared to net work-in-progress of \$17.0 million as at 31 December 2009. The change was largely attributable to increased progress billings for projects which were in the active stage of construction. However, revenue and profits had not been recognised for certain projects in accordance with the Group's accounting policy.

Liability for derivatives increased by \$1.0 million with a further fair value loss adjustment, directly attributable to lower interest rates as at 30 June 2010 vis-a-vis 31 December 2009. During the current period, total bank loans and borrowings decreased by \$3.0 million, mainly due to early settlement of term loan of \$4 million, offset by new hire purchase loans obtained to finance the purchase of machinery and motor vehicles.

Provision for taxation rose by \$0.2 million to \$1.9 million as at 30 June 2010, in tandem with higher profits recorded during the period.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The results reported herein are in line with our announcement in the previous quarter.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

On 10 August 2010, the Ministry of Trade and Industry announced that it expects the Singapore economy to maintain its growth of 13.0% to 15.0% in 2010. The construction sector grew by 11.5% on a year-on-year basis, compared to 10.2% growth in the first quarter of 2010, supported by sustained public sector civil engineering activities and an increase in the number of residential construction projects. In view of the strong growth in the Singapore economy and the construction sector, the outlook for the construction industry is expected to remain positive for the next 12 months.

The Group will continue to focus on its core business by leveraging its strong track record and competency in building construction and civil engineering to secure more public sector projects as well as explore ways to enhance cost effectiveness and optimise efficiency in the management of its projects. The Group continues to conduct feasibility studies to undertake new property development projects.

As at the date of this announcement, the Group has an order book of \$576 million, predominantly in Singapore and Malaysia. The Group expects to remain profitable for FY 2010.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared/recommended for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the current financial period.

CONFIRMATION BY THE BOARD

We, Tan Kheng Hwee Andrew and Carrie Luk Kai Lai, being two of the Directors of the Company, do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 30 June 2010 to be false or misleading.

On behalf of the Board of Directors

TAN KHENG HWEE ANDREW
Group Chief Executive Officer

CARRIE LUK KA LAI
Non-Executive Director

Singapore